

# PG&E Corporation

## Market CEO Transition Awards

August 6, 2019



# Background

Willis Towers Watson (“WTW”) and Weil Gotshal & Manges LLP (“Weil”) have been engaged by Pacific Gas and Electric Corporation (“PG&E”) to advise on potential restructuring incentive compensation strategies. Specifically, PG&E has engaged WTW to advise on potential pay strategies, provide relevant market data, and develop compensation design considerations. To that end, WTW was asked to collect market examples of recruited CEO transition awards

## Market Examples of CEO Transition Awards:

- WTW’s research team identified 30 examples of recruited CEO transition awards over a 4.5 year period at 28 companies (Ralph Lauren and Mattel each had two instances)
- We collected data on “sign on” and replacement/buy out” awards for our analysis as disclosed in proxy statements or 8K filings
- Median FY2018 revenue of the 28 companies was \$4.0 billion
- Disclosed market pay data was collected on the estimated value of awards, form/type of awards (cash, stock options, restricted stock/units and performance shares/units)
- The aggregate value of the awards was calculated to arrive at a total transition award value
- Additionally, we calculated the prevalence of each type of award at the 30 companies. Note that companies ranged from using only one type of award to using 4 types of awards

# CEO Transition Awards (continued on next page)

30 Examples – 28 companies

Company	Form of Award	Shares/ Options/ Units Awarded	Award Value	Award Value as a Percent of Salary	Vesting Terms	Total Award Value as Percent of Salary
The Andersons, Inc.	Restricted shares	28,249	\$ 1,001,710	11%	3-year ratale	
	Stock options	325,000	\$ 3,370,250	374%	3-year ratale	486%
Arconic Inc.	Stock options	363,970	\$ 3,858,957	309%	4-year cliff	
	RSUs	99,280	\$ 3,000,242	240%	3-year cliff	601%
	Cash	-	\$ 650,000	52%	1-year cliff	
Ashland Global Holdings Inc.	Restricted shares	50,000	\$ 5,953,500	527%	2-year ratale	527%
Barnes & Noble, Inc.	RSUs	368,098	\$ 5,999,997	500%	3-year ratale	
	Cash	-	\$ 600,000	50%	-	550%
The Brink's Company	Stock options	400,000	\$ 2,366,667	256%	Contingent	
	RSUs	91,770	\$ 2,631,964	285%	Contingent	540%
Caesars Entertainment Corporation	Stock options	1,000,000	\$ 5,012,000	278%	See note	
	RSUs	200,000	\$ 2,302,000	128%	4-year ratale	406%
Cerner Corporation	Stock options	182,006	\$ 4,000,014	500%	5-year graded	
	RSUs	60,438	\$ 3,700,014	463%	3-year ratale	963%
Cheniere Energy, Inc.	Restricted shares	236,381	\$ 8,214,240	657%	3-year graded	657%
Chipotle Mexican Grill, Inc.	Premium priced SARs	53,086	\$ 4,011,709	334%	3-year ratale	
	Premium priced SARs	114,840	\$ 9,721,206	810%	3-year ratale	2032%
	RSUs	30,141	\$ 9,649,943	804%	3-year ratale	
	Cash	-	\$ 1,000,000	83%	1-year cliff	
Colfax Corporation	RSUs	94,841	\$ 3,750,013	375%	3-year ratale	
	Cash	-	\$ 3,000,000	300%	3-year ratale	675%
DENTSPLY SIRONA Inc.	RSUs	74,508	\$ 4,200,016	454%	3-year graded	
	Stock options	40,800	\$ 608,312	66%	3-year cliff	631%
	PRSUrs	8,870	\$ 525,051	57%	3-year performance	
	Cash	-	\$ 500,000	54%	1-year cliff	
Dover Corporation	RSUs	164,603	\$ 13,127,089	1094%	5-year ratale	
	Performance shares	75,971	\$ 6,058,687	505%	3-year performance	1682%
	Cash	-	\$ 1,000,000	83%	2-year ratale	
Equifax Inc.	Performance shares	44,461	\$ 6,014,101	401%	3-year performance	
	RSUs	22,230	\$ 2,499,986	167%	3-year cliff	700%
	Stock options	88,919	\$ 1,983,966	132%	3-year ratale	
Flowserve Corporation	Stock options	114,943	\$ 2,000,000	182%	3-year cliff	
General Cable Corporation	Stock options	352,087	\$ 1,999,995	216%	3-year ratale	
	Cash	-	\$ 500,000	54%	--	270%
H&R Block, Inc.	Stock options	273,905	\$ 1,375,003	138%	3-year ratale	
	RSUs	138,749	\$ 4,125,008	415%	3-year ratale	648%
	Cash	-	\$ 950,000	95%	4-month cliff	

Prevalence of Award Vehicle				Award Mix by Vehicle & Total Award Value			
Cash	Restricted Shares / Units	Stock Options	Perf Shares / Units	Cash	Restricte d Shares / Units	Stock Options	Perf Shares / Units
							Total Est. Award Value
	1	1			23%	77%	\$ 4,371,960
1	1	1			9%	40%	51% \$ 7,509,199
	1				100%		\$ 5,953,500
1	1				9%	91%	\$ 6,599,997
	1	1			53%	47%	\$ 4,998,631
	1	1			31%	69%	\$ 7,314,000
	1				48%	52%	\$ 7,700,028
	1				100%		\$ 8,214,240
1	1	1			4%	40%	56% \$ 24,382,858
	1	1			44%	56%	
1	1	1	1	9%	72%	10%	9% \$ 5,833,379
	1	1			5%	65%	
	1	1	1		24%	19%	57% \$ 10,498,053
			1		100%		\$ 2,000,000
	1		1		20%	80%	
	1	1	1		15%	64%	21% \$ 6,450,011

# CEO Transition Awards (Cont'd)

## 30 Examples – 28 companies

Company	Form of Award	Shares/ Options/ Units Awarded	Award Value	Award Value as a Percent of Salary	Vesting Terms		Total Award Value as Percent of Salary
					Vesting Terms		
Mattel, Inc.	RSUs	194,072	\$ 4,312,280	287%	3-year graded		1446%
	Stock options	1,603,499	\$ 5,034,987	336%	3-year graded		
	RSUs	494,001	\$ 12,350,025	823%	12-month ratable		
Mattel, Inc.	Performance stock options	1,068,376	\$ 4,444,444	296%	3-year performance		296%
Nielsen Holdings plc	RSUs	487,505	\$ 13,742,766	1057%	3-year ratable		1710%
	Performance stock options	367,031	\$ 1,466,901	113%	3-year performance		
	RSUs	54,285	\$ 1,400,010	108%	3-year cliff		
	Premium priced stock options	750,000	\$ 1,620,000	125%	3-year ratable		
	Cash	-	\$ 2,500,000	192%	ND		
Perrigo Company plc	Cash	-	\$ 1,500,000	115%	1-year cliff		288%
	Stock options	110,074	\$ 2,500,001	208%	3-year cliff		
	Cash	-	\$ 950,000	79%	-		
Pinnacle Foods Inc.	Restricted shares	95,057	\$ 3,999,999	421%	2-year cliff		959%
	Stock options	222,965	\$ 1,999,996	211%	3-year cliff		
	PRSU	47,528	\$ 2,106,441	222%	3-year performance		
	Cash	-	\$ 1,000,000	105%	-		
Platform Specialty Products Corporation	RSUs	250,000	\$ 2,962,500	296%	3-year cliff		587%
	PRSU	250,000	\$ 2,909,997	291%	3-year performance		
Ralph Lauren Corporation	Performance share units	13,886	\$ 1,481,006	118%	4-year performance		689%
	PRSU	13,887	\$ 1,507,746	121%	1-year performance w/ 2 year ratable vesting		
	RSUs	26,660	\$ 2,868,979	230%	4-year ratable		
	Cash	-	\$ 2,750,000	220%	1-year cliff		
Ralph Lauren Corporation	APRSUs	45,198	\$ 3,188,856	255%	1-year performance w/ 2 year ratable vesting		946%
	Performance shares	43,333	\$ 2,975,114	238%	3-year performance		
	RSUs	34,913	\$ 2,270,179	182%	5-year cliff		
	Cash	-	\$ 3,384,888	271%	1-year cliff		
Realogy Holdings Corp.	RSUs	76,220	\$ 2,500,016	250%	3-year ratable		500%
	Stock options	261,234	\$ 2,500,009	250%	4-year ratable		
Scientific Games Corporation	PRSU	400,000	\$ 3,660,000	203%	3-year performance		203%
Signet Jewelers Limited	Restricted shares	81,900	\$ 5,027,841	335%	2-year ratable		335%
Tiffany & Co.	RSUs	12,846	\$ 1,400,086	104%	3-year ratable		561%
	Stock options	169,092	\$ 3,372,608	250%	3-year ratable		
	Cash	-	\$ 2,800,000	207%	2-ratable cliff		
Visteon Corporation	RSUs	36,103	\$ 4,353,250	435%	3-year cliff		760%
	Cash	-	\$ 3,250,000	325%	2-year ratable		
Xerox Corporation	Restricted shares	350,755	\$ 10,000,025	833%	1-year cliff		958%
	Cash	-	\$ 1,500,000	125%	-		

Prevalence of Award Vehicle				Award Mix by Vehicle & Total Award Value				
Cash	Restricted Shares / Units	Stock Options	Perf Shares / Units	Cash	Restricted Shares / Units	Stock Options	Perf Shares / Units	Total Est. Award Value
	1	1			77%	23%		\$ 21,697,292
			1				100%	\$ 4,444,444
1	1	1	1	18%	68%	7%	7%	\$ 22,229,677
		1		28%	72%			\$ 3,450,001
1	1	1	1	11%	44%	22%	23%	\$ 9,106,436
		1		50%		50%		\$ 5,872,497
1	1		1	32%	33%		35%	\$ 8,607,731
	1	1		29%	19%		52%	\$ 11,819,037
		1		50%	50%			\$ 5,000,025
			1		100%			\$ 3,660,000
1	1	1		37%	18%	45%		\$ 7,572,694
		1		43%	57%			\$ 7,603,250
	1	1		13%	87%			\$ 11,500,025
Prev: 53.3% # Cos: 16 Total Cos: 30				Average \$ 8,628,420 P50 \$ 7,032,007 P25 \$ 5,006,979 P10 \$ 3,639,000				

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